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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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CENTRAL AMERICAN COMMON MARKET: NICARAGUAN PRESIDENT SOMOZA MAY BE PREPARING TO ADOPT RESTRICTIVE TRADE MEASURES THAT COULD FURTHER DISRUPT THE TROUBLED CENTRAL AMERICAN COMMON MARKET.

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[REDACTED]  
[REDACTED] SOMOZA'S PLANS INCLUDE A TARIFF ON RAW MATERIAL IMPORTS FROM OUTSIDE THE COMMON MARKET THAT WERE PREVIOUSLY EXEMPT. IN ADDITION, TO PROTECT LOCAL INDUSTRY, NICARAGUA WILL LEVY AN EQUALIZATION TAX ON IMPORTS OF THESE ITEMS FROM OTHER COMMON MARKET COUNTRIES. SOMOZA'S DECISION IS PROBABLY A REACTION TO A RECENT STUDY BY THE INTERNATIONAL MONETARY FUND, WHICH CONCLUDED THAT NICARAGUA COULD NOT FURTHER REDUCE CURRENT EXPENDITURES AND COULD SOLVE ITS ECONOMIC PROBLEMS ONLY BY REDUCING DEVELOPMENT OUTLAYS OR FINDING NEW SOURCES OF REVENUE.

NICARAGUA EXPECTS A NEGATIVE REACTION FROM OTHER COMMON MARKET MEMBERS. SOMOZA BELIEVES, HOWEVER, THAT HE HAS ALREADY DONE HIS FAIR SHARE TO PROMOTE REGIONAL INTEGRATION AND HAS ATTEMPTED TO LAY AT LEAST PART OF THE BLAME FOR NICARAGUA'S ECONOMIC PROBLEMS ON THE FAILURE OF HIS COMMON MARKET PARTNERS TO RATIFY AND DEPOSIT OUTSTANDING PROTOCOLS. [REDACTED]

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